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In reply refer to:
I-25488/69

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting Between His Imperial Majesty Mohammad Reza Shah Pahlavi,
Shahanshah of Iran, and the Secretary of Defense

Participants:

IRANIAN SIDE

His Imperial Majesty Mohammad Reza Shah Pahlavi, Shahanshah of Iran
Iranian Ambassador to the United States - Amir Aslan Afshar

UNITED STATES SIDE

Secretary of Defense - Melvin R. Laird
United States Ambassador to Iran - Douglas MacArthur II
Assistant Secretary of Defense (ISA) - G. Warren Nutter
Deputy Assistant Secretary of Defense (ISA/NESA) - Robert J. Pranger

Time: 1130 - 1230, 22 October 1969

Place: Blair House, Washington, D.C.

I. Introductory Comments by His Imperial Majesty.

His Imperial Majesty (HIM) opened the conversation by noting that the President of the United States understands the Iranian position. Iran does not want anything from others in the way of territory. But, at the same time, Iran cannot allow others to take away Iran's national heritage. Increasingly, Iran must take more responsibility for the region in which it finds itself. HIM commented on the resignation of Prime Minister Karame in Lebanon after the Lebanese Government moved to crack down on the fedayeen. Syria is massing troops on the Lebanese border. Iraq is a madhouse. The Russians are taking more and more interest in Iraq, and the Soviet Embassy is spying for Iraq in Tehran. All of this prompts Iran to be more vigilant

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than ever before. Iran's first priority is the air force. Its second priority is an adequate naval force. And its third priority is a relatively small but effective land force. Regarding these priorities, Iran has carefully studied its needs.

2. The Iranian Air Force.

HIM informed the Secretary that Iran would need more F-4 aircraft in 1973 and thereafter (four more squadrons, to be precise). In addition, by 1975, Iran planned to replace its F-5 aircraft. HIM inquired as to the status of the Northrop P-530. HIM also suggested the possibility of Iran buying a modified version of the F-4; the F-4EF. Iran will also be purchasing C-130 aircraft. HIM then raised the question of pilot and mechanic training. Iran will insist on 100 training spaces for pilots in the future in the United States, but may have to search for vacancies elsewhere if these additional training spaces are not available. HIM also expressed preference for blue suit (USAF) personnel assistance in the training of Iran's jet aircraft mechanics. Iran could hire commercially in the United States, but both for reasons of competency and cost, Iran would prefer USAF personnel. The Secretary inquired further into the question of why Iran likes blue suiters. HIM agreed that another reason for liking USAF personnel would be that they are better disciplined, but there have been problems when requests were made by the Iranian Government for moving these personnel, and these requests were refused. The Secretary mentioned the example of the South Korean Air Force and its good performance on aircraft maintenance. HIM emphasized the problem of obtaining higher enlisted grades of Iranian maintenance personnel since some time is needed for experience and promotion. He also pointed out that the Iranian use of USAF personnel was originally on the advice of the U. S. Government. He also commented about his discussions with the President concerning more revenue for Iran through oil and other sources. The Secretary noted that Northrop has yet to find two countries interested in their P-530. He thought there would be a better chance with the F-5-21. He proceeded to explain the conflict between committees of Congress on the F-5-21, with Senator Fulbright opposed to the development of any aircraft designed chiefly for foreign countries, and the House Armed Services Committee differing from Senator Fulbright's position. HIM insisted that the Iranian Government was much more interested in the P-530 although a few F-5-21s might be purchased to supplement the F-5s. Surely, there would be no F-5-21 purchase after 1975. The Secretary inquired as to whether HIM had seen the computer-gaming of various American aircraft versus the Soviet MIG-21. HIM asked why the United States Government did not develop the P-530 for its own use. The Secretary replied that the F-15 is the aircraft which the Air Force will use in its next major fighter development. The Air Force is interested in going beyond the P-530 and its technology. Concept papers are now being developed, with three

aircraft firms involved, and attempts are being made to cut costs back from the present \$9 million per copy figure. The Secretary also thought that pricing on the F-530 is too low, and promised comparative figures on the F-530, F-5-21, and F-4EF. These figures will soon be available. HIM also noted that orders will have to be placed now on additional F-4 aircraft. The Secretary then turned to the question of the pilot training problems of Iran. He noted that there are now 156 pilot training slots available for foreign pilots, of which the Iranian Government has 75. The Defense Department will be glad to look into the problem of raising the 75 to 100. HIM replied that in view of the special relationship between the U. S. Government and the Iranian Government, Iran would expect this expansion. The original Iran order for C-130s has been cut back so there will be a slight decrease in the number of additional pilot spaces Iran had requested earlier. The Secretary replied that the Defense Department will study this matter and is very interested in the joint study being prepared in Iran by U. S. and Iranian military officials on the future needs of the Iranian Air Force. HIM again said that Iran is insisting on more vacancies; also, that Iran will insist on blue suit maintenance assistance. In closing his discussion of air force needs, HIM commended the work of General Twitchell, but wondered if, in future appointments of the Chief ARMISH/MAAG to Iran, a rotation among the services could not be instituted as a departure from the tradition of always appointing a U. S. Army general.

3. Sheridan/Shillelagh Tanks.

HIM asked whether the U. S. Government plans on moving forward with the Sheridan/Shillelagh, in which case Iran will do the same. But if the U. S. Government does not have such plans, then Iran would drop its order for these tanks and proceed with retrofitting its M-47 tanks, eventually to the point of putting the Shillelagh missile system on the M-47. Then it would replace its armored squad cars with helicopters. The Secretary replied that it is not possible for the Defense Department to make a decision about moving forward on the Sheridan/Shillelagh system in the near future, and surely not by 31 October or early November, which is the date by which GMC would like a response from Iran. The U. S. Government cannot guarantee at this time that it will move further on the system. HIM then noted that perhaps it would be better for Iran to drop the Sheridan/Shillelagh, train its personnel on the present Shillelaghs it has, and then wait for the Shillelagh system to be developed on American main battle-tanks. Iran will also have to talk with BMY Corporation on the M-47 retrofit and eventually even produce the entire M-47 tank itself. But first priority will be a facility to overhaul completely Iran's present tank force and even to provide overhaul facilities for other countries. In this regard, HIM inquired into the operating life of the M-47 tank engine. The Secretary promised to deliver the information about the life expectancy of M-47 tank engines to Blair House this same afternoon. Cooperation was promised by the Secretary regarding the tank overhaul facility.

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4. Other Matters and Conclusion.

The Secretary observed that the Department of Defense has money problems on Capitol Hill regarding foreign military assistance and credit. Frustrations over the war in Southeast Asia will focus on the Department of Defense for the next year or two. As the Secretary sees matters between the U. S. Government and Iran on military problems, there are two immediate issues which must be settled: (a) technical assistance and the mix of blue suiters-contract personnel for this assistance; (b) pilot training billets. There is a pinch on trained personnel due to Vietnam but, hopefully, this pinch will be over before long. This situation has forced the U. S. Government to enter into expensive commercial contracts, for its own maintenance, in CONUS. HIM suggested that Iran could hire Philippine personnel for maintaining F-5s, and perhaps McDonnell Douglas and others for F-4 maintenance, but expressed again Iran's strong preference for American military personnel for maintenance. The Secretary again hoped that comparative data on the F-530s, F-5-21s, and F-4EFs would be made available in the next few weeks. HIM wished also to add a few miscellaneous items to the discussion: (a) Iran's need for longer range artillery; and (b) replacement of Iran's anti-tank bazookas with TOW missiles. Iran will have to decide between the TOW and a German bazooka. The Secretary noted that within this year, the U. S. Government will have two sources for producing the TOW. HIM observed that with the abandoning of the Sheridan/Shillelagh, Iran would have considerable more room for credit. He also inquired as to whether it would be possible to send technical kits on the stretching of the 155 mm. SP to 18 km. The Secretary again stated that the U. S. Government has not made its final decision on the future of the Sheridan/Shillelagh and therefore it would be misleading to encourage the Iranians to purchase it at this time. HIM expressed his thanks to the Secretary for the meeting.

Memorandum of Conversation
Prepared by:
Robert J. Pranger

Approved by: The Assistant Secretary
of Defense (ISA)

Date: 24 October 1969

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